

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

House Bill 940 (Delegate Mitchell. *et al.*)

Ways and Means and Appropriations

Transportation - State Highway Administration - Minimum Annual Expenditures

This bill requires the Governor to include funding for State Highway Administration capital projects in each annual budget in an amount that is not less than the amount expended for such projects in fiscal 2001. The bill also requires the Governor to adjust such expenditures to reflect adjustments in the Federal Highway Administration’s construction costs composite price index. The bill is effective July 1, 2000.

Fiscal Summary

State Effect: State Highway Administration expenditures could increase by \$35 million in FY 2004. Future years would reflect changes in the capital program adjusted by the federal highway construction costs composite price index. No effect on revenues.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
SF Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditures	0	0	0	35	98
Net Effect	\$0	\$0	\$0	(\$35)	(\$98)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: There is no requirement for a minimum level of expenditures for the Maryland Department of Transportation's (MDOT) capital expenditures. However, MDOT is required to submit annually its Consolidated Transportation Program (CTP) in which it must report on major and minor capital projects, significant changes to the program, expected costs, planned expenditures and related capital issues.

State Expenditures: This bill requires that State Highway Administration capital project expenditures be maintained at the fiscal 2001 level adjusted for inflation as measured by the federal highway construction costs composite price index. The fiscal 2001 capital project budget is approximately \$693.4 million and the federal construction index is estimated at 3% for each year for fiscal 2001-2005. **Exhibit 1** presents the spending requirement provided in this bill, the State Highway portion of the Maryland Department of Transportation's Consolidated Transportation Program (CTP) for fiscal 2001-2005, and the resulting impact on future year expenditures.

The capital expenditure estimates include major projects, system preservation minor projects, the development and evaluation program, and salaries, wages, and other costs attributable to the capital program.

Exhibit 1					
(in millions)					
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Current CTP Expenditure Estimates	\$693	\$830	\$776	\$723	\$682
Expenditures Required Under HB 940	693	714	736	758	780
Expenditure Increase	n/a	n/a	n/a	\$35	\$98

The bill requires a minimum level of spending for the highway capital program. MDOT would be required to divert funds from the other modes and/or to pursue alternative revenue sources to cover the deficit that would begin in fiscal 2004. It is not clear at this time which option MDOT would pursue.

Further, the bill specifies that annual budget expenditures must not be less than the amount expended in fiscal 2001. It should be noted that the above expenditures are estimates and the actual amount expended in any given year can vary from projections.

Additional Information

Prior Introductions: This bill was introduced in the 1996 session as HB 1261 and received an unfavorable report from the House Appropriations Committee.

Cross File: None.

Information Source(s): Department of Transportation (State Highway Administration),
Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2000

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